

California Environmental Protection Agency



AB 118 Air Quality Improvement Program (AQIP)

Proposed 2013-14 Funding Plan and Future Efforts for Sustainability

July 25, 2013

Today's Presentation

- Overview of AQIP
- Implementation update
- Proposed 2013-14 Funding Plan
- Future challenges and opportunities

What is AQIP?

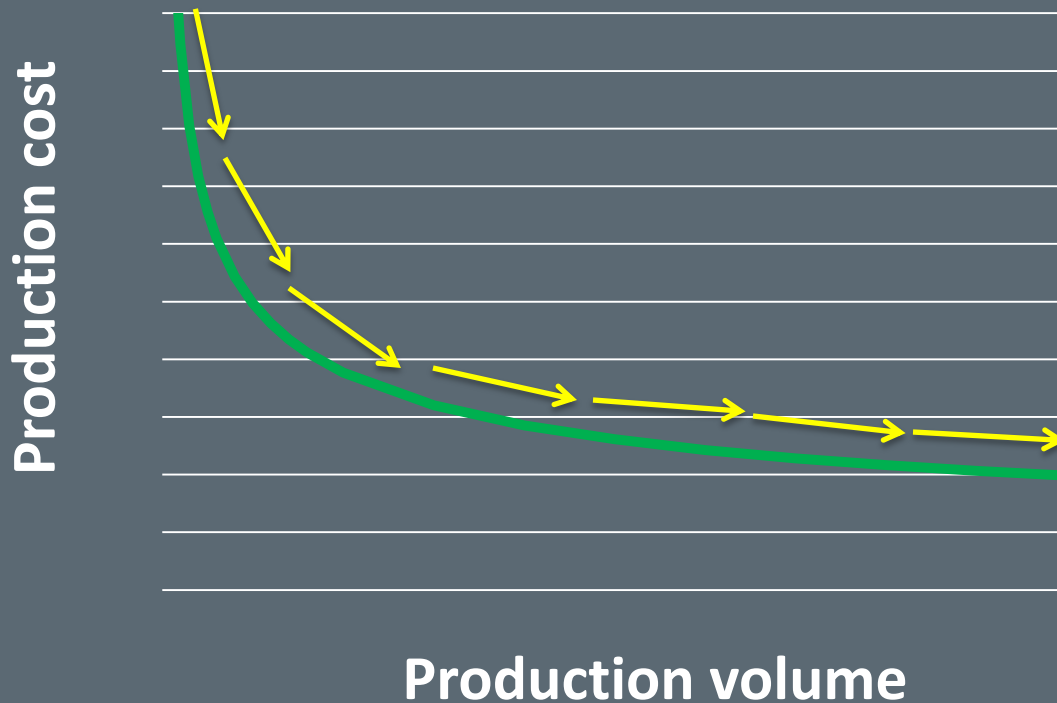
- Created by Assembly Bill 118 (2007)
 - Bureau of Automotive Repair enhanced vehicle retirement
 - California Energy Commission fuel and vehicle projects
- Up to \$35 million per year through 2015
- Funds mobile source technology advancement

Guiding Principles

- Support advanced technologies to meet post-2020 air quality and climate change goals
 - Vehicle/equipment deployment
 - Technology demonstrations

Driving Technology Advancement

Increased production
drives down price

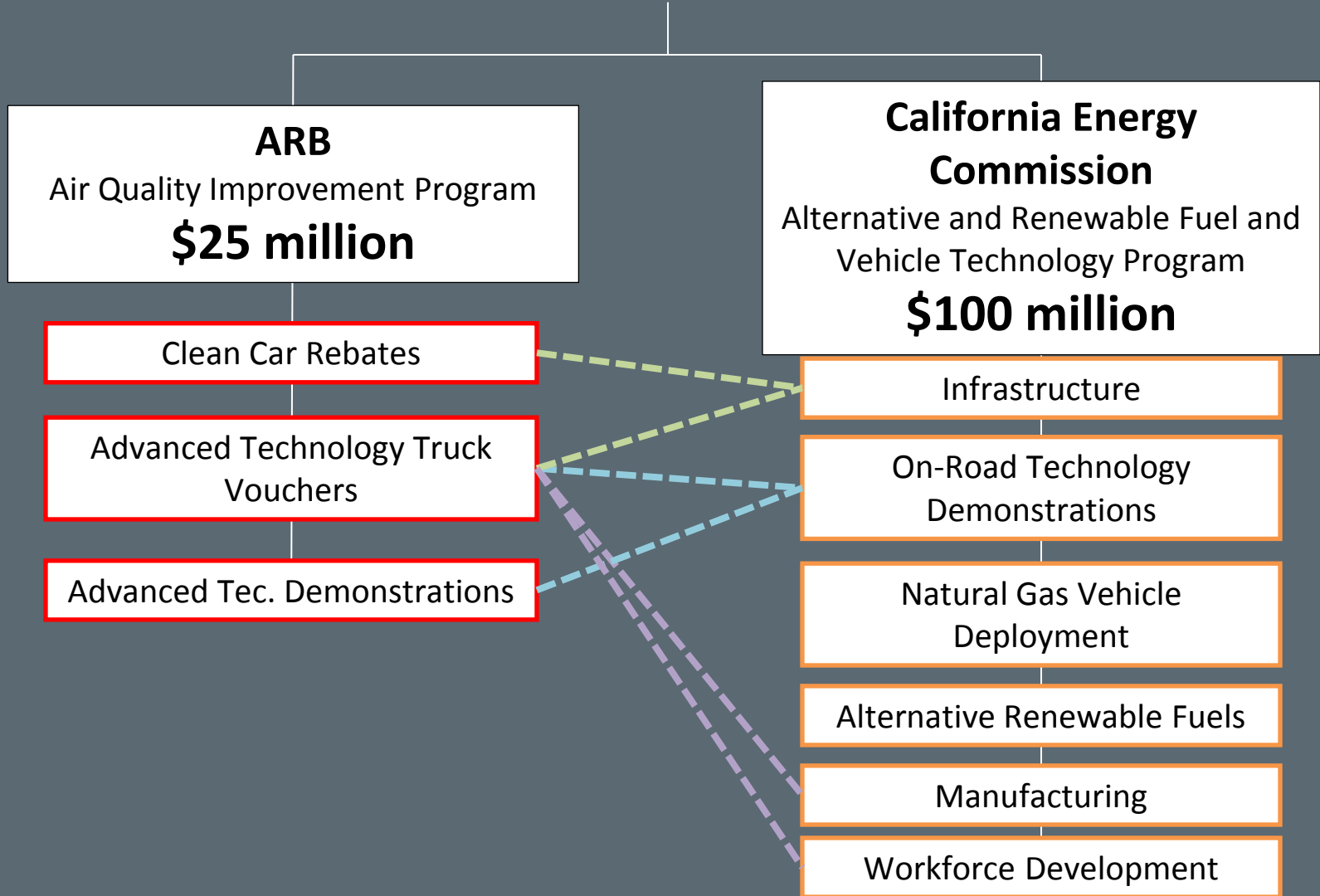


- Facilitate market transition beyond first generation technologies
- Overcome deployment barriers
- Support technology transfer to new sectors

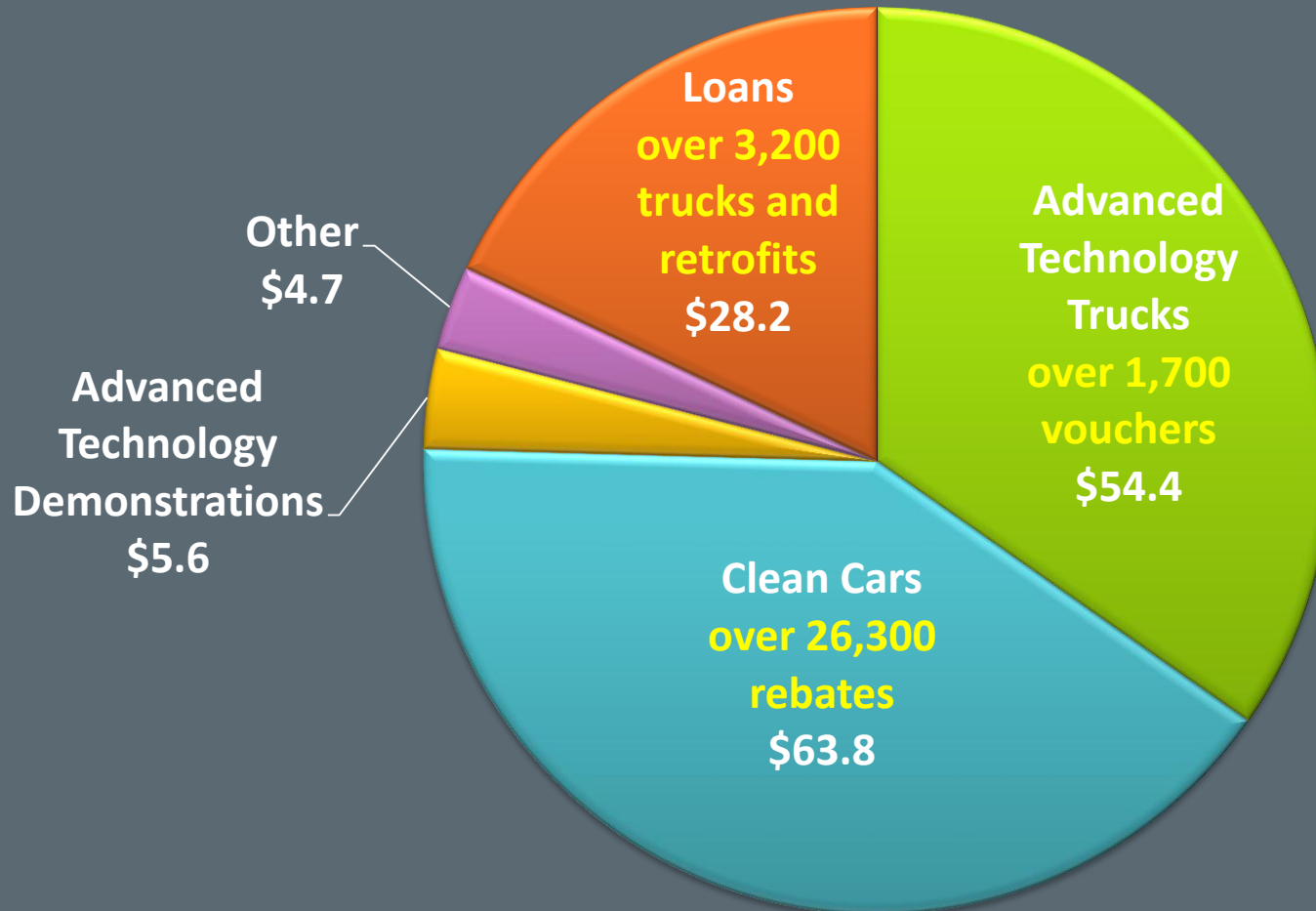
Significant Program Benefits

- Critical to meeting post-2020 SIP and climate targets
 - Complements other ARB incentive programs
- Supports over 2,200 jobs
- Supports California clean tech manufacturing and workforce development

Close Coordination with CEC



\$156 Million Invested to Date



Need for Deployment Incentives

Criteria	CVRP			HVIP			Truck Loans
	Plug-in Hybrids	Battery Electric	Fuel Cell	Hybrids	Battery Electric	Fuel Cell	
Commercially available	●	●	◐	●	●		●
Mainstream consumer choice							●
Significant market diversity		◐					●
High production volume = cost competitive (>3 year payback)							N/A
Sufficient private sector investment in technology advancement							N/A
No longer needed to complement/enable regulations							◐
Deployment sufficient to meet SIP targets							◐

Proposed Fiscal Year 2013-14 Funding Plan

Key 2013-14 Principles

- Recognize constrained budget
- Continue streamlined project design
- Consider technology readiness
- Support market stability
- Achieve emission reductions
- Support regulatory goals
- Maintain consistency with planning efforts
- Accommodate potential new revenues

Proposed FY 2013-14 Funding Levels

Project Category		Proposed Minimum Allocation	Current Demand
		(Millions)	
Deployment Projects	Clean Vehicle Rebate Project	\$10	\$50
	Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project	\$5	\$25
	Truck Loan Assistance Program	\$2	\$14
Advanced Technology Demonstration		\$3	\$100
Reserve (unallocated)		\$5	
Total		\$25	\$189



Advanced Technology Demonstrations

Minimum Funding Target: \$3 million

- 13 projects in progress or completed
 - Focus on technologies within 3 years of commercialization
- Successes:
 - Important emission reductions
 - U.S. EPA verification for technology
 - Transition to other incentive programs
 - Environmental justice community benefits
- Locomotive, Marine, and Transit projects for 2013-14
- *Demand for projects is up to \$100 million for FY 2013-14*



Truck Loan Assistance Program

Minimum Funding Target: \$2 million

- Unique funding source to support early compliance
- Assists small business truck owners
- Financing for necessary truck upgrades ahead of regulatory compliance schedules
- Program stats:
 - \$28.2 million supported 2,800 loans, \$188.3 million in financing, 3,241 trucks and retrofits
 - Each public dollar leveraged over \$6 in private investment
- *Demand for loans is \$14 million for FY 2013-14*

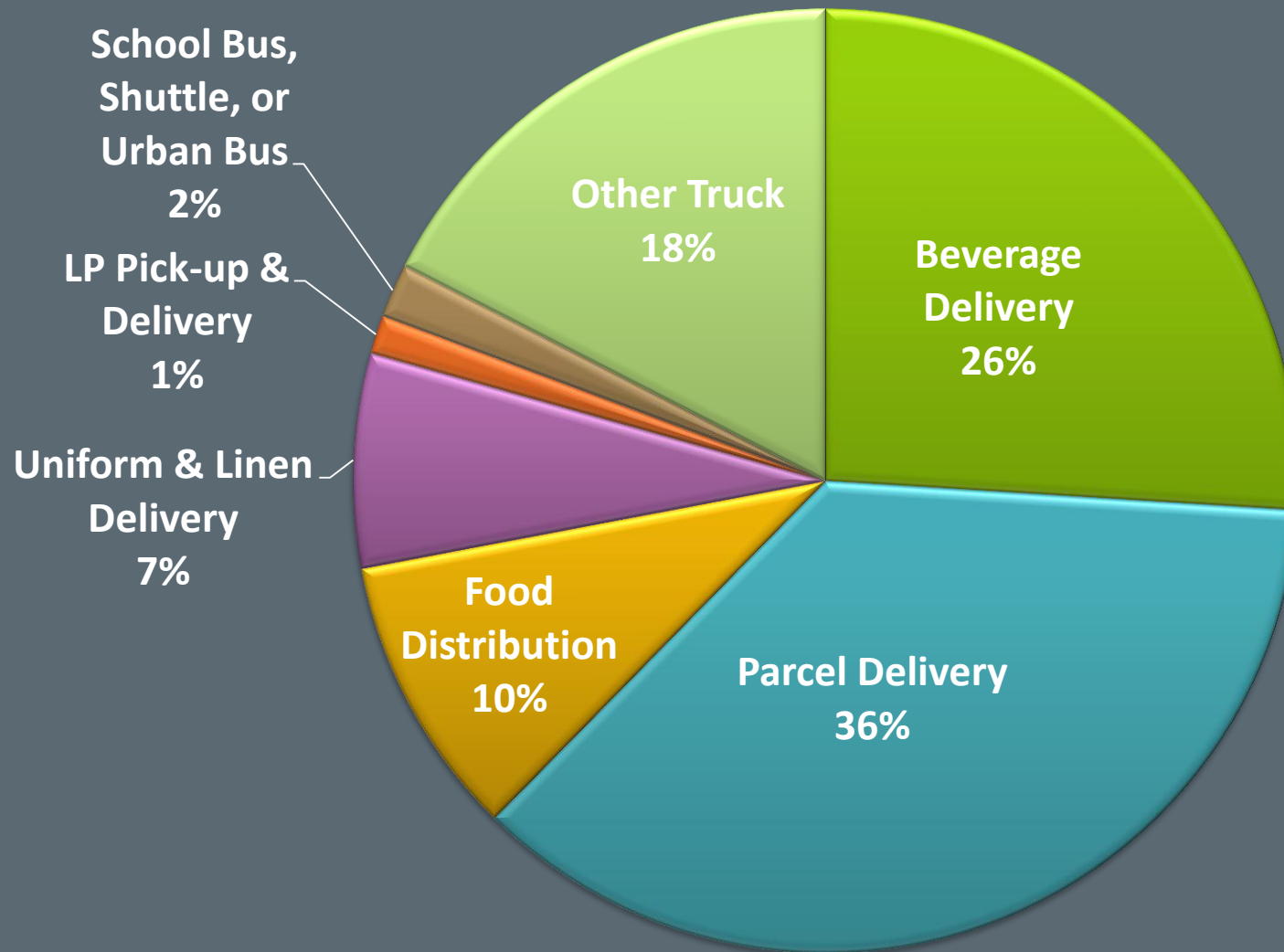


Hybrid and Zero-Emission Truck & Bus Vouchers (HVIP)

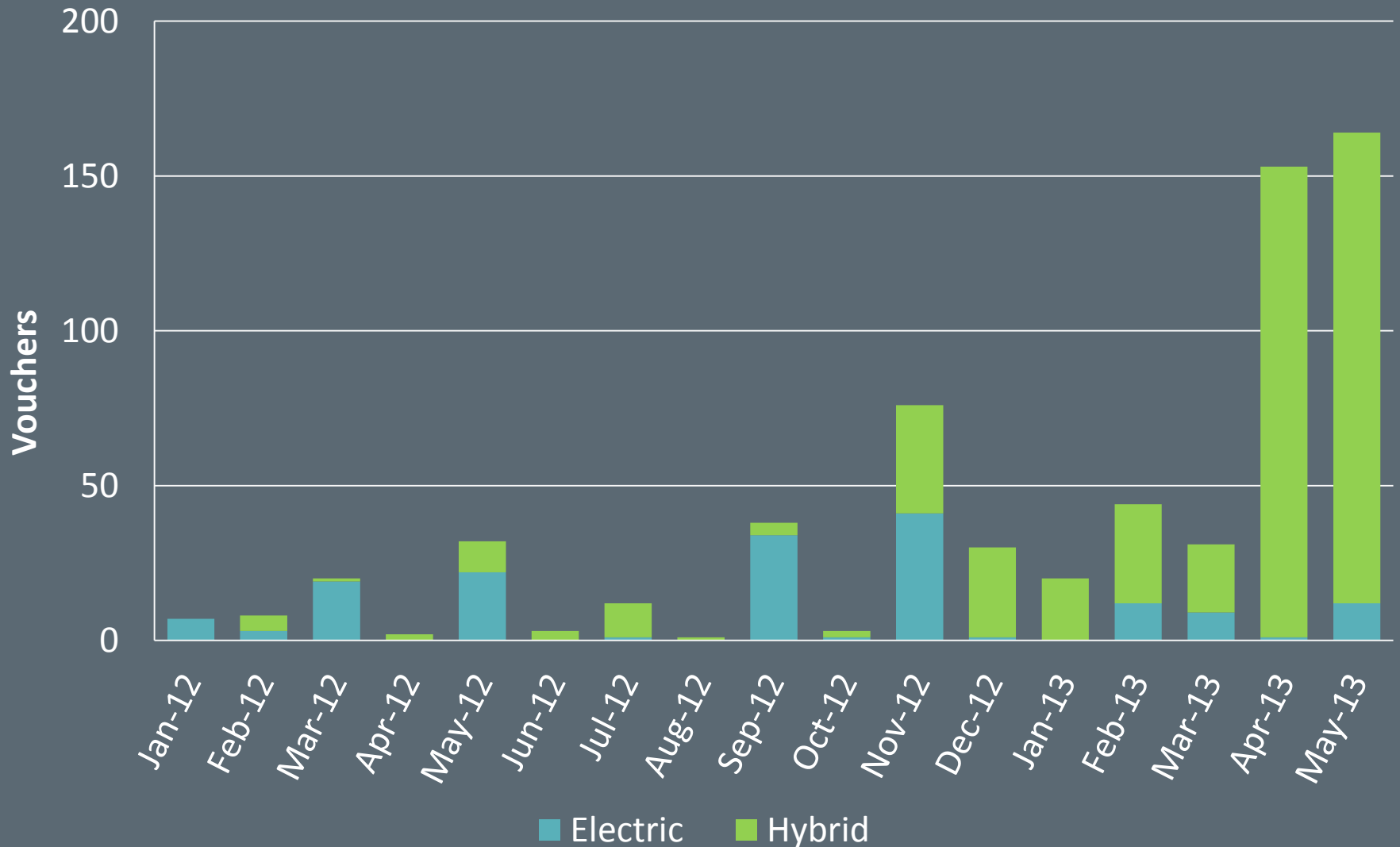
Minimum Funding Target: \$5 million

- Consumer vouchers for new hybrid and zero-emission trucks
- Target cleanest technologies and medium and smaller fleets in FY 2013-14
- *Demand for projects under current structure is up to \$25 million for FY 2013-14*

HVIP Status: over 1,700 Vouchers Issued



HVIP Momentum on the Rise



Proposed Changes to HVIP

- Limit of 100 vouchers per fleet
- Enhance warranty requirements
- Higher voucher amounts for:
 - Extended warranties
 - Fast charge capability
- Determine hybrid vehicle incremental cost on a case-by-case basis
- Set-aside for Goods Movement Program



Clean Vehicle Rebate Project (CVRP)

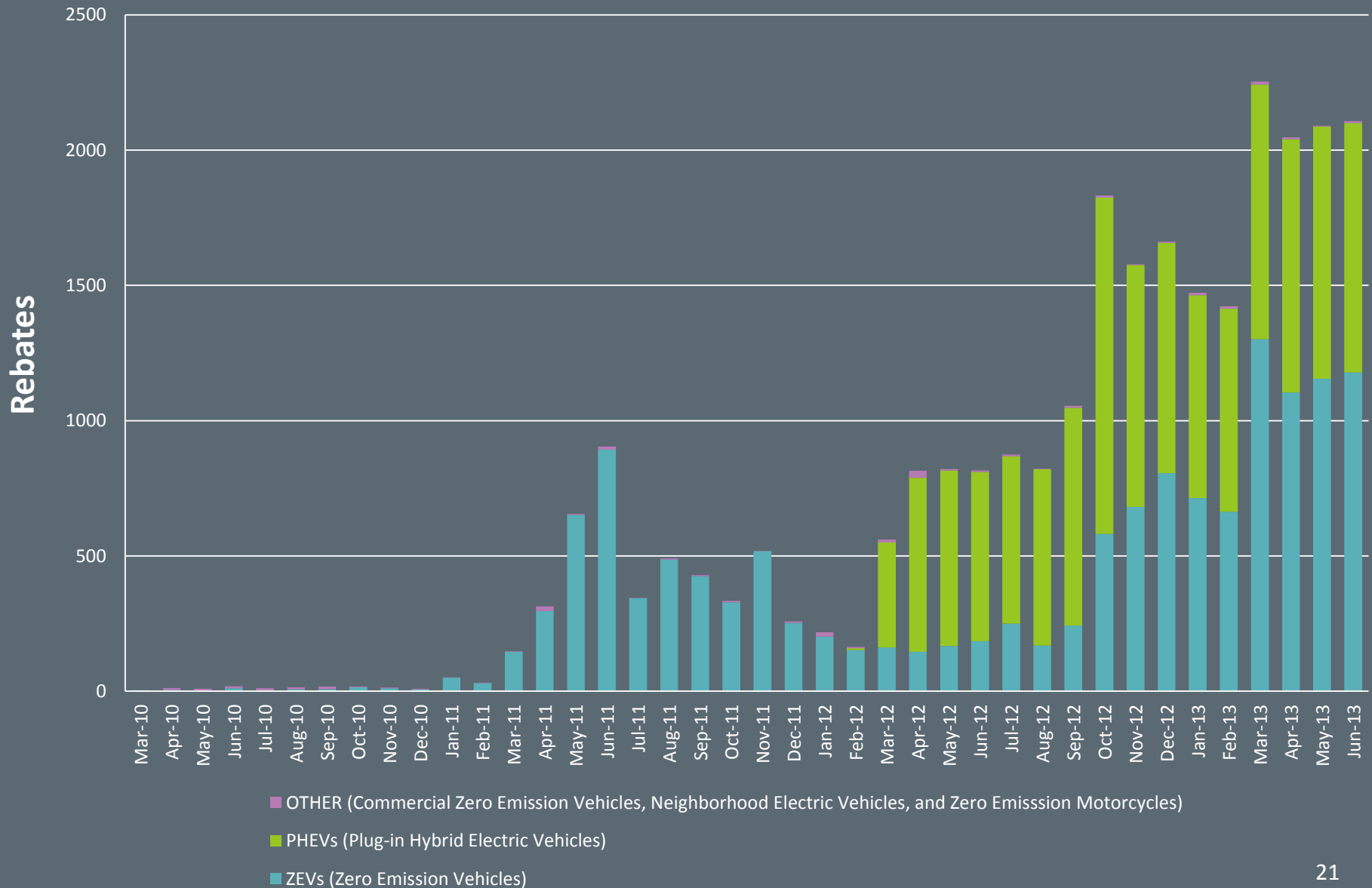
Minimum Funding Target: \$10 million

- Consumer rebates accelerate commercialization
 - \$2,500 Zero Emission Vehicles
 - \$1,500 Plug-in Hybrid Electric Vehicles
- Rebates impact consumer choice
- Efforts since last year
 - Balance growing demand with limited funding

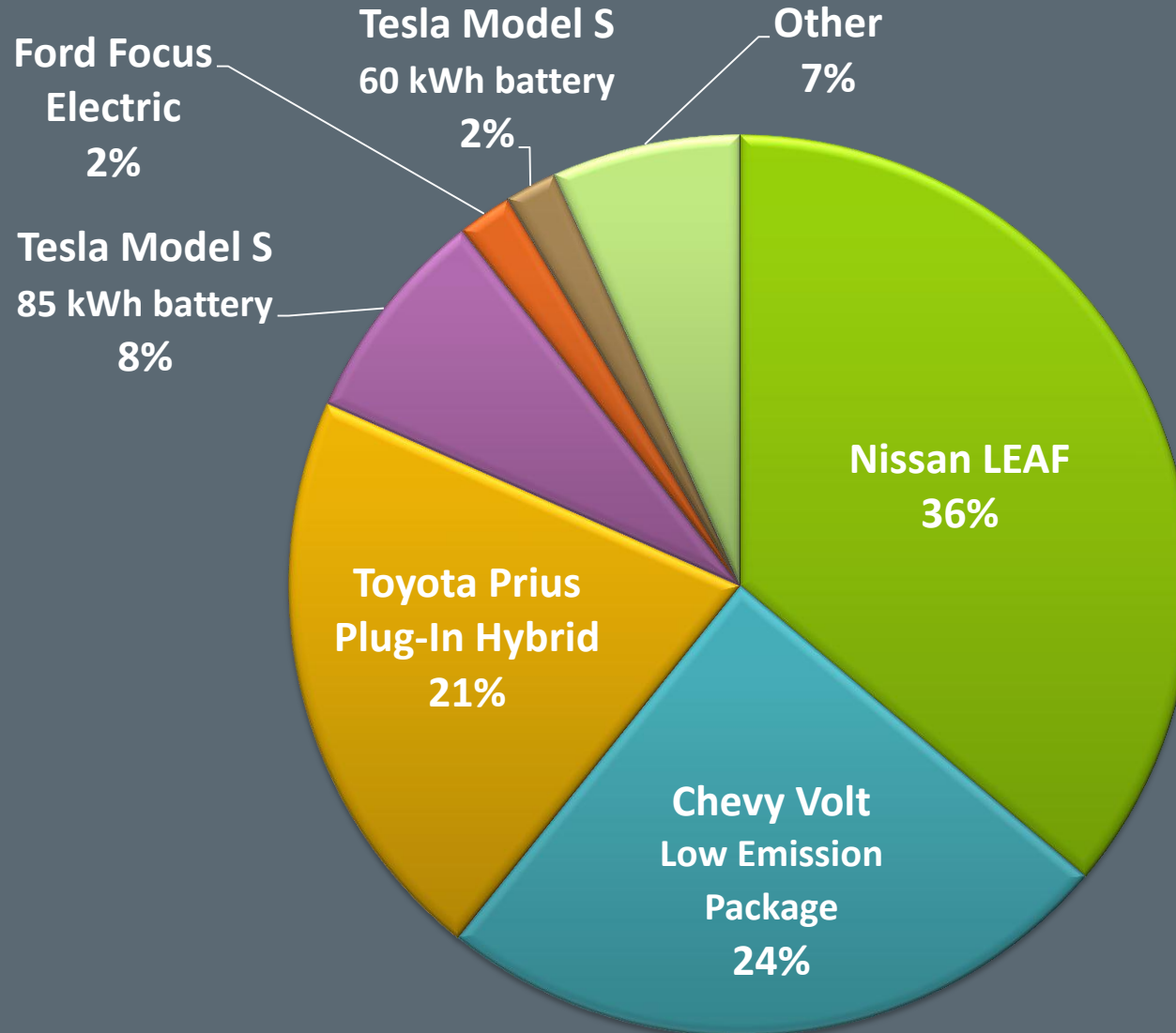
CVRP Success

- Close to 30,000 rebates issued
- Record high rebate requests in March 2013 at ~2,350 / \$5 million
- Requests average over \$1 million per week
- *Demand for project under current structure is over \$50 million for FY 2013-14*

Strong Rebate Demand Continues



Growing CVRP Vehicle Diversity



Near-Term Proposed Changes to CVRP

- Standardize Zero Emission Vehicle rebate amounts
- Public Fleet set-aside
- Cap maximum rebates per consumer type
- Add waiting list option

Approve Plan and Continue Stakeholder Discussions

- Focused discussion on near-term options
- No immediate *major* changes; minimum allocation will last only a few months
- Staff Recommendation
 - Approve proposed FY 2013-14 Funding Plan
- Update Board in September on stakeholder process and recommendations
 - Focus on CVRP and truck loans

Looking Ahead

- Key issues
 - Inadequate AQIP revenue to support critical air quality projects
- Engage stakeholders on long-term vision for AQIP sustainability, including metrics of success
 - Include recommendations in next year's plan